

E-File: May 6, 2009

James I. Stang, Esq. (CA Bar No. 94435)
 Shirley S. Cho, Esq. (CA Bar No. 192616)
 Werner Disse, Esq. (CA Bar No. 143458)
 PACHULSKI STANG ZIEHL & JONES LLP
 10100 Santa Monica Blvd., 11th Floor
 Los Angeles, California 90067-4100
 Telephone: 310/277-6910
 Facsimile: 310/201-0760
 Email: jstang@pszjlaw.com
 scho@pszjlaw.com
 wdisse@pszjlaw.com

Zachariah Larson, Esq. (NV Bar No. 7787)
 LARSON & STEPHENS
 810 S. Casino Center Blvd., Ste. 104
 Las Vegas, NV 89101
 Telephone: 702/382.1170
 Facsimile: 702/382.1169
 Email: zlarson@lslawnv.com

[Proposed] Attorneys for Debtors and
 Debtors in Possession

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re:

Case No.: BK-S-09-14814-LBR
 (Jointly Administered)

THE RHODES COMPANIES, LLC, aka
 "Rhodes Homes," et al.,¹

Chapter 11

Debtors.

Affects:

☒ All Debtors

☐ Affects the following Debtor(s)

Hearing Date: May 15, 2009

Hearing Time: 1:30 p.m.

Courtroom 1

¹ The Debtors in these cases, along with their case numbers are: Heritage Land Company, LLC (Case No. 09-14778); The Rhodes Companies, LLC (Case No. 09-14814); Tribes Holdings, LLC (Case No. 09-14817); Apache Framing, LLC (Case No. 09-14818); Geronimo Plumbing LLC (Case No. 09-14820); Gung-Ho Concrete LLC (Case No. 09-14822); Bravo, Inc. (Case No. 09-14825); Elkhorn Partners, A Nevada Limited Partnership (Case No. 09-14828); Six Feathers Holdings, LLC (Case No. 09-14833); Elkhorn Investments, Inc. (Case No. 09-14837); Jarupa, LLC (Case No. 09-14839); Rhodes Realty, Inc. (Case No. 09-14841); C & J Holdings, Inc. (Case No. 09-14843); Rhodes Ranch General Partnership (Case No. 09-14844); Rhodes Design and Development Corporation (Case No. 09-14846); Parcel 20, LLC (Case No. 09-14848); Tuscany Acquisitions IV, LLC (Case No. 09-14849); Tuscany Acquisitions III, LLC (Case No. 09-14850); Tuscany Acquisitions II, LLC (Case No. 09-14852); Tuscany Acquisitions, LLC (Case No. 09-14853); Rhodes Ranch Golf Country Club, LLC (Case No. 09-14854); Overflow, LP (Case No. 09-14856); Wallboard, LP (Case No. 09-14858); Jackknife, LP (Case No. 09-14860); Batcave, LP (Case No. 09-14861); Chalkline, LP (Case No. 09-14862); Glynda, LP (Case No. 09-14865); Tick, LP (Case No. 09-14866); Rhodes Arizona Properties, LLC (Case No. 09-14868); Rhodes Homes Arizona, L.L.C. (Case No. 09-14882); Tuscany Golf Country Club, LLC (Case No. 09-14884); and Pinnacle Grading, LLC (Case No. 09-14887).

**SUPPLEMENTAL STATEMENT RE MOTION FOR AUTHORIZATION TO PAY
SALARY TO JAMES M. RHODES**

The above-captioned debtors and debtors in possession (the “Debtors”) hereby provide this statement to supplement the Debtors’ Motion For Authorization To Pay Salary To James M. Rhodes [Heritage docket number 94]:

1. In 2006, Pinnacle Grading, LLC (“Pinnacle”) was (and still is) headquartered in Kingman, a small town in Arizona, and was performing extensive grading and excavation work. Many of Pinnacle’s employees (the “Employees”) lived in, and commuted from, California and were unwilling to obtain a second home in Kingman. Furthermore, Kingman had a small rental community and there was insufficient rental property to house the Employees. Additional housing was needed for the Employees, but there was no provision in the credit agreements with the secured lenders for Pinnacle to purchase or build rental property.

2. In order to solve the Employees’ housing problem, in late 2006, James M. Rhodes purchased three houses (the “Houses”) in Kingman in order to be able to provide affordable and convenient housing for the Employees. Mr. Rhodes obtained 30-year mortgages (the “Mortgages”) from Countrywide Mortgage in order to purchase the Houses. Since late 2006, various Employees continually have been living in the Houses.

3. Mr. Rhodes leases the Houses to Pinnacle, which then allows certain Employees to live in the Houses as part of their compensation. Pinnacle pays aggregate rent (the “Rent”) on the three Houses of approximately \$4,000 per month, which by design is the same amount as Mr. Rhodes’ monthly payments on the Mortgages. As a result, Mr. Rhodes does not receive any profit on the Rent. Indeed, the Rent does not cover the maintenance costs of the Houses. The Rent is market rent for Kingman.

4. Instead of paying the Rent to Mr. Rhodes, Pinnacle pays the Rent to Countrywide Mortgage, which payments (the “Rental Payments”) are applied towards Mr. Rhodes’ monthly payments on the Mortgages.

LARSON & STEPHENS
810 S. Casino Center Blvd., Suite 104
Las Vegas, Nevada 89101
Tel: (702) 382-1170 Fax: (702) 382-1169

1 5. The Rental Payments are reflected in the 13 week budget attached as Exhibit A to
2 the Final Stipulated Order authorizing the Debtors' use of cash collateral [Heritage docket
3 number 126].
4

5 **DATED** this 6th day of May, 2009.
6

7 **LARSON & STEPHENS**

8 /s/ Zachariah Larson, Esq.
9 Zachariah Larson, Bar No. 7787
10 Kyle O. Stephens, Bar No. 7928
11 810 S. Casino Center Blvd., Suite 104
12 Las Vegas, NV 89101
13 702/382-1170
14 [Proposed] Attorneys for Debtors and
15 Debtors in Possession
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Las Vegas, Nevada 89101
Tel: (702) 382-1170 Fax: (702) 382-1169